

Message Text

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OL 9 MAHE SEYCHELLES

S E C R E T LONDON 04184

E.O. 11652: GDS

TAGS: MARR, SE

SUBJECT: SEYCHELLES TRIPARTITE NEGOTIATIONS

REF: LONDON 4123

1. AT MORNING BILATERAL SESSION MARCH 17, SEYCHELLES DELEGATION SHAVED COMPENSATION REQUEST TO \$2.5 MILLION PER YEAR. U.S. DELEGATION RESPONDED WITH QUOTE FRONT-ENDED UNQUOTE RENTAL OFFER OF \$2.0 MILLION IN FIRST YEAR, \$1.0 MILLION SECOND YEAR, DROPPING TO BASIC RENTAL OF \$500,000 THIRD YEAR, WITH INCREMENTS OF \$50,000 FOR INFLATION ADDED IN SUBSEQUENT YEARS, I.E. \$550,000 IN FOURTH YEAR, \$600,000 IN SIXTH, ETC. WE EMPHASIZED THAT THIS OFFER WAS OUR FINAL POSITION. AFTER DELIBERATION, SEYCHELLES STATED OUR OFFER STILL UNACCEPTABLE. AS COUNTER, THEY SUGGESTED \$2.0 MILLION IN FIRST YEAR, AND \$1.0 MILLION SECOND YEAR WITH RIGHT TO COLLECT CUSTOMS DUTIES, OR \$1.5 MILLION WITH CUSTOMS EXEMPTION. UNDER SEYCHELLES PROPOSAL, BASIC RENTAL OF \$1.0 MILLION OR \$1.5 MILLION WOULD BE SUPPLEMENTED IN SUBSEQUENT YEARS BY CUMULATIVE 10 PERCENT INCREMENT TO COVER INFLATION. WE REITERATED THAT THE FIGURE WE OFFERED WAS AS HIGH AS WE COULD GO, BUT STATED OUR WILLINGNESS TO CONSIDER SEYCHELLES PROPOSALS WITHIN THE LIMITS OF OUR AGGREGATE

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PROPOSAL, FOR EXAMPLE A HIGHER ANNUAL RENTAL THROUGHOUT

THE AGREEMENT PERIOD BALANCED BY A REDUCTION IN PAYMENTS FOR THE FIRST TWO YEARS. WITH DISCUSSIONS ON COMPENSATION REMAINING IN DEADLOCK, WE MOVED ON TO SPECIFICS OF DRAFT AGREEMENT.

2. REVERTING TO PREVIOUS DAY'S DISCUSSIONS, U.S. SIDE INDICATED WE COULD ACCEPT WORDING OF ARTICLE XVI, PARA 2, (USE OF MAHE AIRFIELD) COMPARABLE TO PROVISIONS IN 1966 AGREEMENT TAKING INTO ACCOUNT SEYCHELLES ASSURANCES THAT THEY CONSIDER REQUESTS FOR USAGE OTHER THAN FOR THE PURPOSES OF THE AGREEMENT, INCLUDING MARITIME RECONNAISSANCE.

3. ON ARTICLE XXIII, PARA 2, SEYCHELLES OBJECTED TO ONE-SIDED TERMINATION PROVISION AND ASKED FOR ASSURANCE THAT U.S. PAYMENT FOR FULL TEN YEARS OF AGREEMENT WOULD BE FORTHCOMING EVEN IF U.S. DECIDED TO TERMINATE. WE INDICATED THAT IF SEYCHELLES ACCEPTED FRONT-ENDED RENTAL PROPOSAL WE WOULD WANT UNILATERAL RIGHT TO TERMINATE WITH ONE YEAR NOTICE FOR AT LEAST FIVE YEAR PERIOD. SEYCHELLES ACCEPTED THIS POINT, PROVIDED THERE WAS RECIPROCAL RIGHT TO TERMINATE WITH ONE YEAR NOTICE BEGINNING IN SIXTH YEAR. WE AGREED TO THIS PROPOSAL.

4. ON ARTICLE VIII, SEYCHELLES REQUESTED WORDING TO PREVENT THEORETICAL USE OF SEYCHELLES AS ENTREPOT FOR SHIPPING GOODS TO U.S. FORCES ELSEWHERE, AND TO TIGHTEN UP ABUSES OF CUSTOMS EXEMPTION. ALSO REQUESTED REVISION OF ARTICLE IX TO ASSURE ACCESS TO TRACKING STATION FOR SEYCHELLES OFFICIALS, AND NEW ARTICLE TO PROHIBIT IMPORTATION OF FINANCES FOR PRIVATE USE.

5. COMMENT: NEXT SESSION WILL BE PLENARY ON AFTERNOON MARCH 17 AT WHICH WE PLAN DISCUSS IMPLEMENTATION OF RETURN OF ISLANDS ON CLEAR UNDERSTANDING ALREADY ESTABLISHED THAT NO FINAL DECISIONS CAN BE MADE ON THIS POINT UNTIL TRACKING STATION AGREEMENT REACHED. ALTHOUGH PROSPECTS FOR AGREEMENT ON RENTAL FOR TRACKING STATION APPEAR DIM AT THIS MOMENT, WE TAKE SOME ENCOURAGEMENT FROM SEYCHELLES WILLINGNESS DISCUSS SPECIFIC ELEMENTS OF DRAFT AGREEMENT.

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